

JOSEPH TOWN
FINANCIAL STATEMENTS
JUNE 30, 2005

C O N T E N T S

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Kimball & Roberts

Certified Public Accountants

A Professional Corporation

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Richfield, Utah 84701

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Honorable Mayor and Town Council
Joseph Town
Joseph, Utah 84739

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Joseph Town as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Scipio Town.

A review consists principally of inquiries of Town personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management discussion and analysis and budgetary comparison information on pages 4 through 13 and 39 through 40, are not a required part of the basic financial statements but are supplementary information required by the Governmental accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

Richfield, Utah
January 17, 2006

**TOWN OF JOSEPH
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2005**

This discussion of Joseph Town's financial performance provides an overview of the Town's financial activities for the year ending June 30, 2005. This report is in conjunction with the Town's financial statements.

The purpose of the Town is to provide general services to its residents which includes general government, highways and streets, parks and cemetery and economic development.

Financial Highlights

- * The assets of the Town exceeded its liabilities as of the close of the most recent year by \$1,364,459 (net assets). Of this amount, \$86,198 (unrestricted net assets) which may be used to meet its ongoing obligations to citizens and creditors.
- * The government's total net assets decreased by \$40,004. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- * At the close of the current year, the Town's governmental funds reported ending fund balances of \$32,739, a decrease of \$30,995 in comparison with the prior year.
- * At the end of the current year, unreserved fund balance for the general fund was \$5,583.
- * The Town's total debt decreased by \$12,000 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, highways and streets, parks and cemetery and economic development.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and enterprise funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Joseph Town maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the cemetery perpetual care fund.

The Town adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary Funds

Joseph Town maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, garbage and landfill.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Joseph Town, assets exceeded liabilities by \$1,364,459 at the close of the most recent fiscal year. By far the largest portion of the Town's net assets (91 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net assets (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$86,198) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Joseph Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	36,007	63,734	86,455	130,403	122,462	194,137
Capital Assets	289,877	247,229	1,285,868	1,317,329	1,575,745	1,564,558
Total Assets	325,884	310,963	1,372,323	1,447,732	1,698,207	1,758,695
Long-Term Liabilities	-	-	323,000	335,000	323,000	335,000
Other Liabilities	3,268	-	7,480	19,232	7,480	19,232
Total Liabilities	-	-	330,480	354,232	330,480	354,232
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	289,877	247,229	958,018	979,229	1,247,895	1,226,458
Restricted	27,156	77,156	3,210	1,080	30,366	78,236
Unrestricted	5,583	(13,422)	80,615	113,191	86,198	99,769
Total Net Assets	322,616	310,963	1,041,843	1,093,500	1,364,459	1,404,463

Governmental Activities

Governmental activities increased Joseph Town's net assets by \$11,653.

Joseph Town Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for Services	32,202	8,147	86,003	87,300	118,205	95,447
Operating Grants	17,254	23,143	-	-	17,254	23,143
Capital Grants	37,792	-	-	465,580	-	465,580
General Revenues:						
Property Taxes	5,510	5,052	-	-	5,510	5,052
Other Taxes	22,531	22,890	-	-	22,531	22,890
Impact Fees	-	-	2,500	-	2,500	-
Unrestricted Investment Earnings	2,493	2,050	132	2,143	2,625	4,193
Total Revenues	117,782	61,282	88,635	555,023	168,625	616,305
Expenses:						
General Government	22,446	54,074	-	-	22,446	54,074
Highways & Streets	81,478	18,535	-	-	81,478	18,535
Parks and Cemetery	5,835	6,142	-	-	5,835	6,142
Economic Development	10,370	-	-	-	10,370	-
Water, Garbage & Landfill	-	-	126,292	92,591	126,292	92,591
Total Expenses	120,129	78,751	126,292	92,591	246,421	171,342
Increase in Net Assets Before Transfers	(2,347)	(17,469)	(37,657)	462,432	(77,796)	444,963
Transfers	14,000	-	(14,000)	-	-	-
Increase in Net Assets	11,653	(17,469)	(51,657)	462,432	(40,004)	444,963
Net Assets - Beginning	310,963	328,432	1,093,500	631,068	1,404,463	959,500
Net Total Net Assets	322,616	310,963	1,041,843	1,093,500	1,364,459	1,404,463

* The City received operating grants of \$16,924 for Class C roads and \$330 liquor law funds. The Town also received capital grants of \$37,792 for replacement of a bridge.

For the most part, other increases in expenses closely paralleled inflation and growth in the demand for services.

Business-Type Activities

Business-type activities decreased the Town's net assets by \$51,657.

* The total increase in the business-type activities costs for the water fund is attributed to the cost of water system addition.

* The depreciation in the enterprise fund increased by \$254 from the prior year.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Town's governmental fund (general fund) reported combined ending fund balances of \$30,583, a decrease of \$30,995 in comparison with the prior year. At year end the total unreserved fund balance was \$5,583. The remainder of fund is reserved to indicate that it is not available for new spending because it has already been committed to highways and streets for \$25,000 and cemetery perpetual care of \$2,156.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 3 percent of total general fund expenditures, while total fund balance represents 19 percent of that same amount.

Proprietary Funds

The Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water, garbage and landfill fund at the end of the year was \$86,198. During the year there were additions to the water system of \$12,245. Other factors concerning the finances of these funds has already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was a decrease of \$96,000.

* Highways and public improvements decreased \$96,000.

Actual revenues were less than budgeted revenues by \$158,018 and actual expenditures were less than budgeted expenditures by \$127,023 resulting in a net decrease in fund balance of \$30,995.

Capital Asset and Debt Administration

Capital Assets

Joseph Town's investment in capital assets for its governmental activities as of June 30, 2005, was \$289,877 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and infrastructure, which includes roads, highways and bridges.

The additions during the year were; \$6,000 for a backhoe, a tractor \$13,903, a snowplow \$4,185 and a bridge replacement for \$38,874.

Joseph Town's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	15,992	15,992	-	-	15,992	15,992
Water Shares	-	-	-	-	-	-
Infrastructure	150,773	125,887	-	-	150,773	125,887
Buildings	99,708	103,350	60,710	62,790	160,418	166,140
Improvements Other than Buildings	-	-	1,213,278	1,238,699	1,213,278	1,238,699
Equipment	23,404	2,000	11,880	15,840	35,284	17,840
Total	289,877	247,229	1,285,868	1,317,329	1,575,745	1,564,558

Additional information on the Town's capital assets can be found in the notes to the financial statements.

Long -Term Debt

At the end of the current year, the Town's had total bonded debt outstanding of \$323,000. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Joseph Town's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue Bonds	-	-	323,000	335,000	323,000	335,000

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the Town. The Town has no general obligation debt.

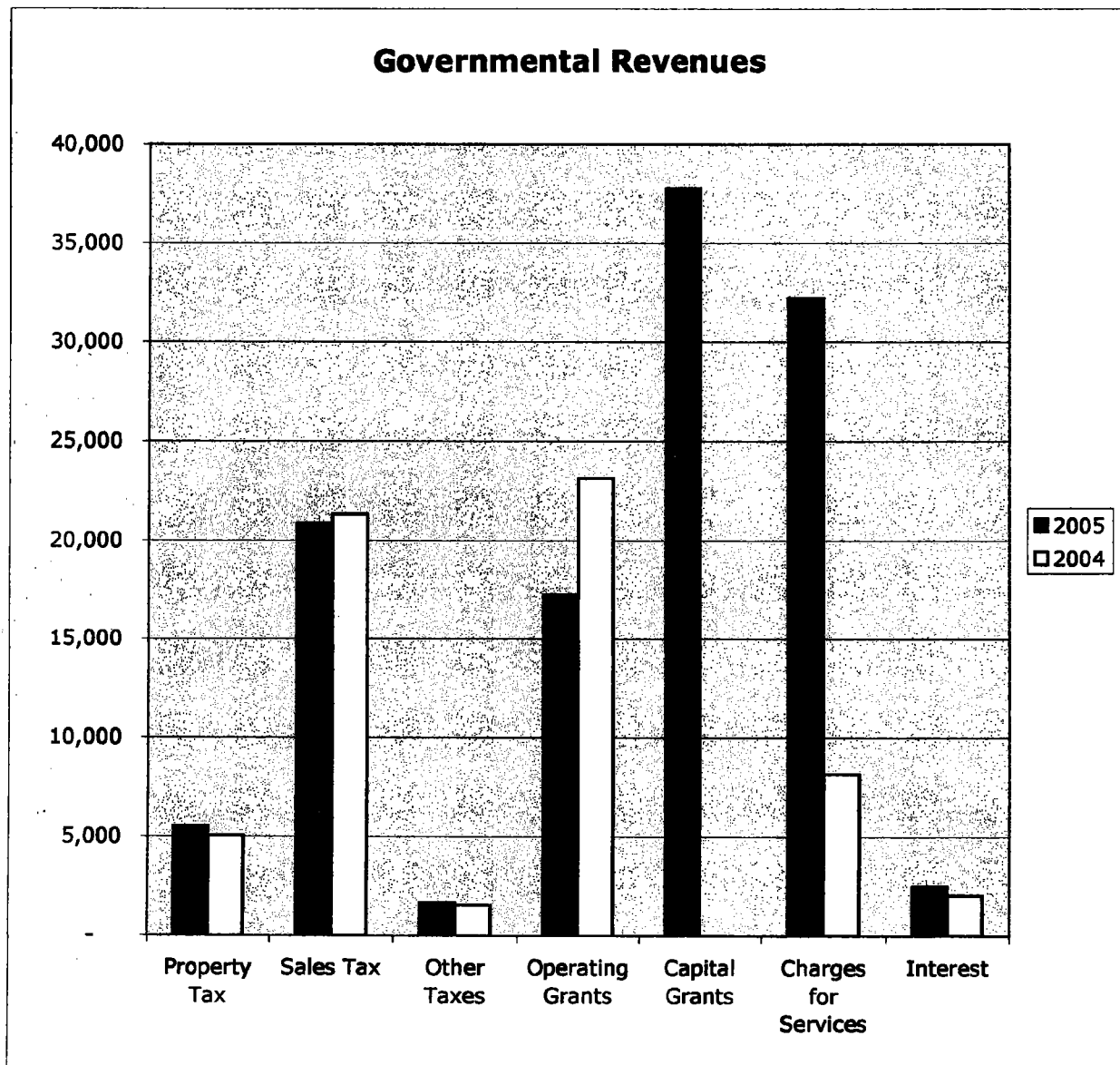
Additional information on the Town's long-term debt can be found in the notes of the financial statements.

Request for Information

This financial report is designed to provide a general overview of Joseph Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Joseph Town Clerk, 60 North State, Joseph, Utah, 84739.

**Town of Joseph
Governmental Revenues
For The Fiscal Years Ending June 30, 2005 and 2004**

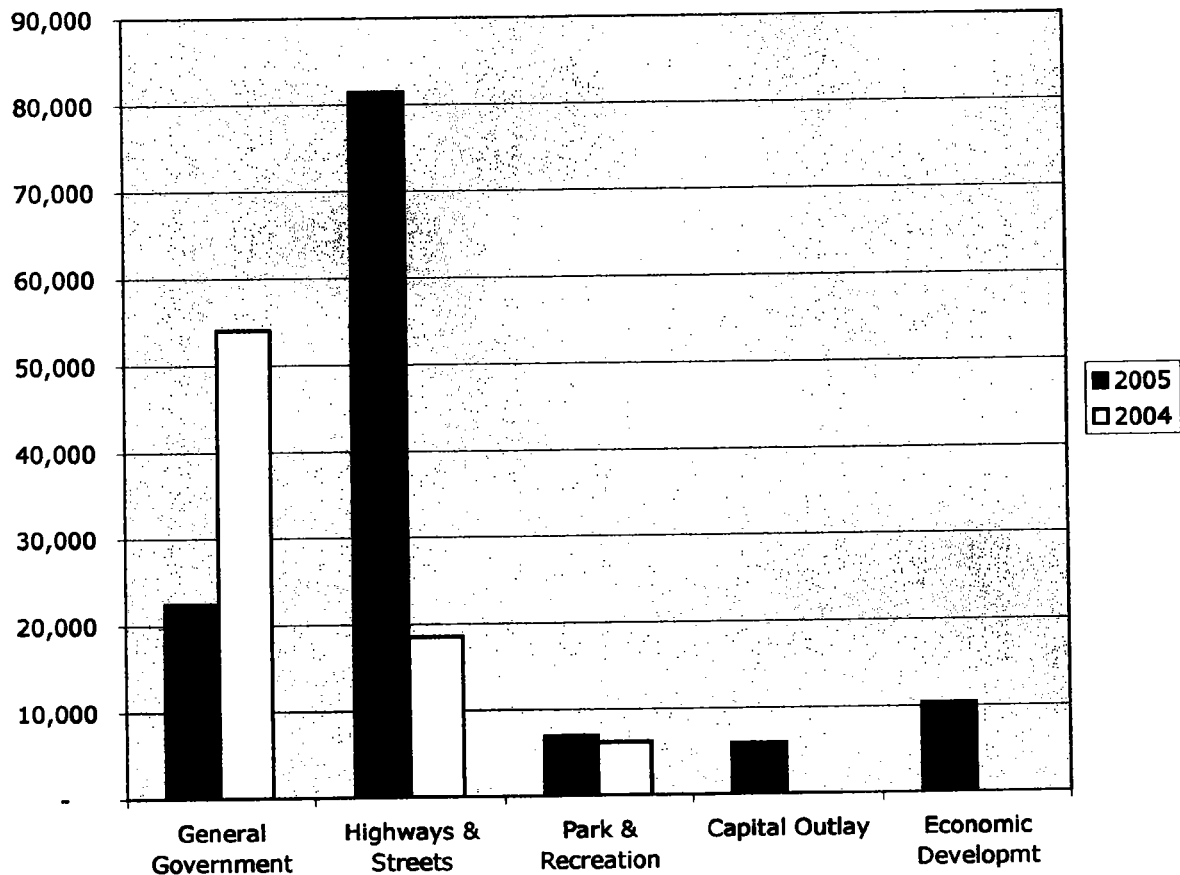
	2005	2004
Property Tax	5,510	5,052
Sales Tax	20,873	21,336
Other Taxes	1,658	1,554
Operating Grants	17,254	23,143
Capital Grants	37,792	
Charges for Services	32,202	8,147
Interest	2,493	2,050
Total Revenues	117,782	61,282



**Town of Joseph
Governmental Expenditures
For The Fiscal Years Ending June 30, 2005 and 2004**

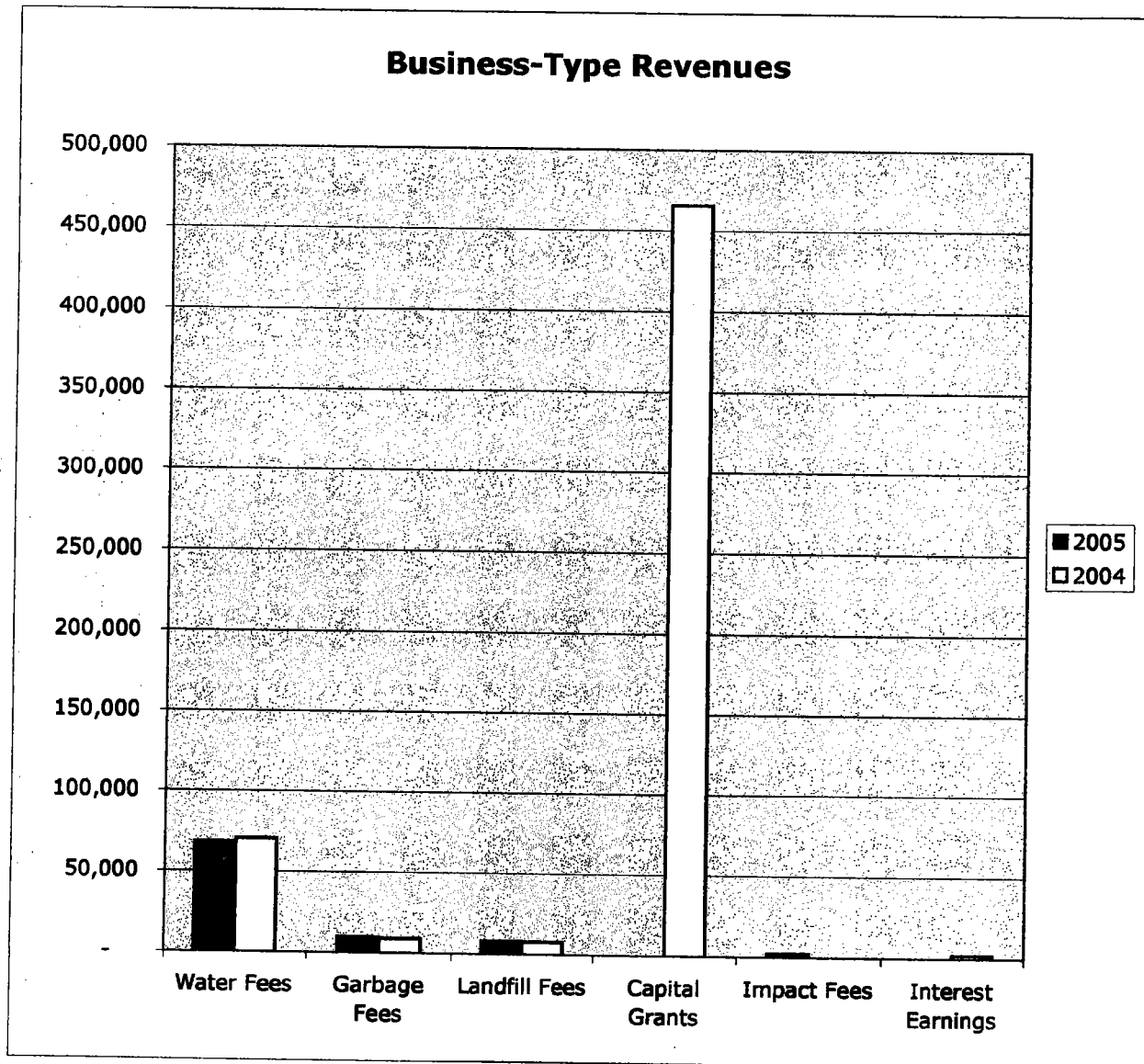
	2005	2004
General Government	22,446	54,074
Highways & Streets	81,478	18,535
Park & Recreation	6,941	6,142
Capital Outlay	5,835	-
Economic Developmt	10,370	-
Total Expenditures	127,070	78,751

Governmental Expenditures



**Town of Joseph
Business-Type Revenues
For The Fiscal Years Ending June 30, 2005 and 2004**

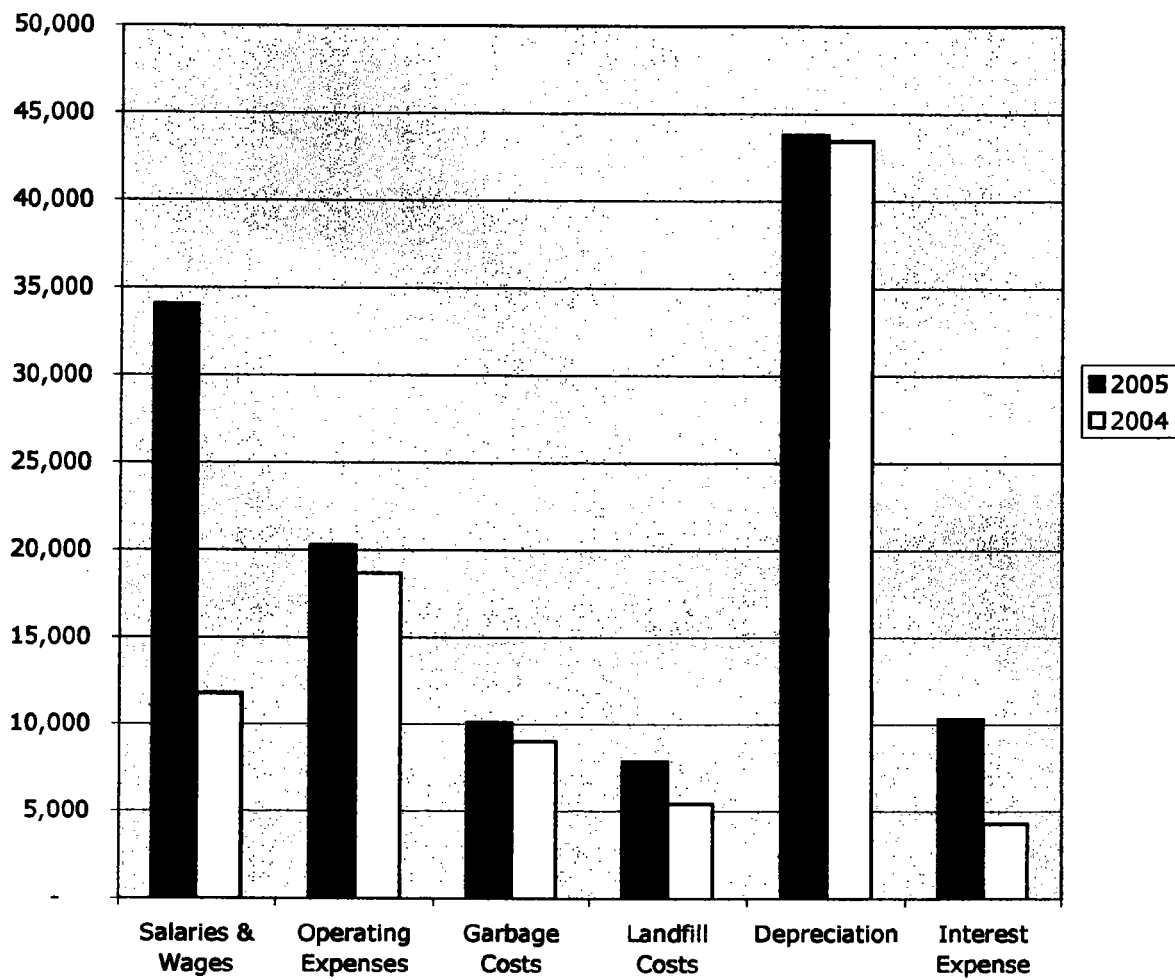
	2005	2004
Water Fees	68,125	70,253
Garbage Fees	9,717	9,009
Landfill Fees	8,161	8,038
Capital Grants	-	465,580
Impact Fees	2,500	
Interest Earnings	132	2,143
Total Revenues	88,635	555,023



Town of Joseph
Business Type Expenditures
For The Fiscal Years Ending June 30, 2005 and 2004

	2005	2004
Salaries & Wages	34,032	11,735
Operating Expenses	20,271	18,681
Garbage Costs	10,070	9,000
Landfill Costs	7,833	5,423
Depreciation	43,786	43,452
Interest Expense	10,300	4,300
Total Expenditures	126,292	92,591

Business-Type Expenditures



(This page contains no information and
is used to assist in formatting, for easier reading)

BASIC FINANCIAL STATEMENTS

**JOSEPH TOWN
STATEMENT OF NET ASSETS**

June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	32,485	75,103	107,588
Accounts Receivable (Net)	-	8,142	8,142
Due From Other Government Units	3,522	-	3,522
Total Current Assets	36,007	83,245	119,252
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	3,210	3,210
Capital Assets (Net of Accumulated Depreciation):			
Land	15,992	-	15,992
Buildings	99,708	60,709	160,417
Improvements Other Than Buildings	-	1,213,279	1,213,279
Machinery and Equipment	23,404	11,880	35,284
Infrastructure	150,773	-	150,773
Total Noncurrent Assets	289,877	1,289,078	1,578,955
TOTAL ASSETS	325,884	1,372,323	1,698,207
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,082	-	1,082
Accrued Liabilities	2,186	-	2,186
Deposits Payable	-	2,630	2,630
Accrued Interest Payable	-	4,850	4,850
Revenue Bonds Payable - Due Within One Year	-	12,000	12,000
Total Current Liabilities	3,268	19,480	22,748
Noncurrent Liabilities:			
Revenue Bonds Payable - Due More Than One Year	-	311,000	311,000
TOTAL LIABILITIES	3,268	330,480	333,748
NET ASSETS			
Investment in Capital Assets, Net of Debt	289,877	958,018	1,247,895
Restricted For:			
Bond Retirement	-	3,210	3,210
Class C Road	25,000	-	25,000
Perpetual Care	2,156	-	2,156
Unrestricted	5,583	80,615	86,198
TOTAL NET ASSETS	322,616	1,041,843	1,364,459
TOTAL LIABILITIES AND NET ASSETS	322,616	1,372,323	1,698,207

See accompanying notes and accountant's report.

**JOSEPH TOWN
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2005

Function/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Governmental Activities	Business-Type Activities	Total
Function/Programs Primary Government:							
Governmental Activities:							
General Government	22,446	31,237	330	-	9,121	-	9,121
Highways and Streets	81,478	-	16,924	37,792	(26,762)	-	(26,762)
Parks and Cemetery	5,835	965	-	-	(4,870)	-	(4,870)
Economic Development	10,370	-	-	-	(10,370)	-	(10,370)
Total Governmental Activities	120,129	32,202	17,254	37,792	(32,881)	-	(32,881)
Business-Type Activities:							
Water Fund	126,292	86,003	-	-	-	(40,289)	(40,289)
Total Primary Government	246,421	118,205	17,254	37,792	(32,881)	(40,289)	(73,170)
General Revenues:							
Property Taxes					5,510	-	5,510
Fee-In-Lieu of Property Taxes					1,658	-	1,658
Sales Taxes					20,873	-	20,873
Impact Fees					-	2,500	2,500
Transfers					14,000	(14,000)	-
Unrestricted Investment Earnings					2,493	132	2,625
Total General Revenues and Transfers					44,534	(11,368)	33,166
Change in Net Assets							
					11,653	(51,657)	(40,004)
Net Assets - Beginning					310,963	1,093,500	1,404,463
Net Assets - Ending					322,616	1,041,843	1,364,459

See accompanying notes and accountant's report.

**JOSEPH TOWN
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2005

	General Fund	Perpetual Care Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	30,329	2,156	32,485
Due From Other Government Units	<u>3,522</u>	<u>-</u>	<u>3,522</u>
TOTAL ASSETS	<u><u>33,851</u></u>	<u><u>2,156</u></u>	<u><u>36,007</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	1,082	-	1,082
Accrued Liabilities	<u>2,186</u>	<u>-</u>	<u>2,186</u>
Total Liabilities	<u><u>3,268</u></u>	<u><u>-</u></u>	<u><u>3,268</u></u>
Fund Balances:			
Reserved For:			
Class C Road	25,000	-	25,000
Unreserved, Reported In:			
General Fund	5,583	-	5,583
Perpetual Care Fund	<u>-</u>	<u>2,156</u>	<u>2,156</u>
Total Fund Balance	<u><u>30,583</u></u>	<u><u>2,156</u></u>	<u><u>32,739</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>33,851</u></u>	<u><u>2,156</u></u>	<u><u>36,007</u></u>

See accompanying notes and accountant's report.

JOSEPH TOWN
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

June 30, 2005

Total Fund Balances - Governmental Fund Types	32,739
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds:

Land	15,992	
Buildings	99,708	
Equipment	23,404	
Infrastructure	<u>150,773</u>	

Total	<u>289,877</u>
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Net Assets of Governmental Activities	<u><u>322,616</u></u>
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JOSEPH TOWN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>	<u>Perpetual Care Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	28,041	-	28,041
Licenses and Permits	3,540	-	3,540
Intergovernmental Revenue	55,046	-	55,046
Charges for Services	965	-	965
Miscellaneous Revenues	<u>44,190</u>	<u>-</u>	<u>44,190</u>
 Total Revenues	 <u>131,782</u>	 <u>-</u>	 <u>131,782</u>
Expenditures:			
Current:			
General Government	19,329	-	19,329
Highways and Streets	65,356	-	65,356
Parks and Cemetery	4,760	-	4,760
Economic Development	10,370	-	10,370
Capital Outlay	<u>62,962</u>	<u>-</u>	<u>62,962</u>
 Total Expenditures	 <u>162,777</u>	 <u>-</u>	 <u>162,777</u>
 Net Change In Fund Balance	 (30,995)	 -	 (30,995)
 Fund Balance - Beginning	 <u>61,578</u>	 <u>2,156</u>	 <u>63,734</u>
 Fund Balance - Ending	 <u><u>30,583</u></u>	 <u><u>2,156</u></u>	 <u><u>32,739</u></u>

See accompanying notes and accountant's report.

JOSEPH TOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	(30,995)
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	62,962	
Depreciation Expense	<u>(20,314)</u>	
Total		<u>42,648</u>

Changes In Net Assets of Governmental Activities	<u><u>11,653</u></u>
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**JOSEPH TOWN
STATEMENT OF NET ASSETS
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund
	<u>Water Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	75,103
Accounts Receivable	<u>8,142</u>
Total Current Assets	<u>83,245</u>
Noncurrent Assets:	
Investments - Restricted:	
Bond Retirement	3,210
Capital Assets: (Net of Accum. Depr.)	
Buildings	60,709
Water System	1,213,279
Equipment	<u>11,880</u>
Total Noncurrent Assets	<u>1,289,078</u>
TOTAL ASSETS	<u><u>1,372,323</u></u>
LIABILITIES:	
Current Liabilities:	
Deposits Payable	2,630
Bond Interest Payable	4,850
Bonds Payable - Current Portion	<u>12,000</u>
Total Current Liabilities	<u>19,480</u>
Noncurrent Liabilities:	
Bonds Payable - Long-Term Portion	<u>311,000</u>
TOTAL LIABILITIES	<u>330,480</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	958,018
Restricted for Bonded Retirement	3,210
Unrestricted	<u>80,615</u>
TOTAL NET ASSETS	<u>1,041,843</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1,372,323</u></u>

See accompanying notes and accountant's report.

JOSEPH TOWN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

June 30, 2005

	Business-Type Activity <u>Enterprise Fund</u>
	<u>Water Fund</u>
Operating Revenues:	
Charges for Sales and Services:	
Water Fees	61,695
Connection Fees	4,500
Garbage	9,717
Landfill	8,161
Other	<u>1,930</u>
Total Operating Revenues	<u>86,003</u>
Operating Expenses:	
Salaries	34,032
Fringe Benefits	4,576
Travel	868
Landfill Expense	7,833
Garbage Expense	10,070
Office Supplies	1,226
Materials and Supplies	2,079
Utilities	3,261
Professional and Technical	6,043
Depreciation	43,786
Other	<u>2,218</u>
Total Operating Expenses	<u>115,992</u>
Operating Income	<u>(29,989)</u>
Nonoperating Revenues (Expenses):	
Impact Fees	2,500
Investment Earnings	132
Transfer to General Fund	(14,000)
Interest Expense	<u>(10,300)</u>
Total Nonoperating Revenues (Expenses)	<u>(21,668)</u>
Change in Net Assets	(51,657)
Total Net Assets - Beginning	<u>1,093,500</u>
Total Net Assets - Ending	<u><u>1,041,843</u></u>

See accompanying notes and accountant's report.

**JOSEPH TOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund
	<u>Water Fund</u>
Cash Flows From Operating Activities:	
Receipts From Customers	86,503
Payments to Suppliers	(49,926)
Payments to Employees	<u>(34,032)</u>
Net Cash Provided by Operating Activities	<u>2,545</u>
Cash Flows From Capital and Related Financing Activities:	
Transfer to General Fund	(14,000)
Principal Paid on Capital Debt	(12,000)
Interest Paid on Capital Debt	<u>(10,300)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(36,300)</u>
Cash Flows from Investing Activities:	
Interest Received	132
Impact Fees	2,500
Water Improvements	<u>(12,325)</u>
Net Cash Provided (Used) by Investing Activities	<u>(9,693)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(43,448)
Cash and Cash Equivalents - Beginning	<u>121,761</u>
Cash and Cash Equivalents - Ending	<u><u>78,313</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:	
Operating Income	<u>(29,989)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:	
Depreciation	43,786
Increase (Decrease) in Operating Assets:	
Accounts Receivable	500
Accounts Payable	(14,002)
Accrued Interest Payable	1,750
Deposits Payable	<u>500</u>
Total Adjustments	<u>32,534</u>
Net Cash Provided (Used) by Operating Activities	<u><u>2,545</u></u>

See accompanying notes and accountant's report.

JOSEPH TOWN
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Joseph conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2005.

The following is a summary of the more significant policies:

A. Reporting Entity

The Town of Joseph is a municipal corporation in Sevier County, Utah. It is governed by an elected Mayor and four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, the Town of Joseph, the reporting entity. The Town has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

JOSEPH TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town of Joseph considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Perpetual Care Fund which accounts for money received for upkeep and perpetual care of cemetery plots.

The Government reports the following Proprietary Funds:

The Utility Fund accounts for the activities of the City water operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

JOSEPH TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

JOSEPH TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Water System	40 Years
Machinery and Equipment	5 - 10 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Property Taxes

Property taxes are assessed and collected for the Town by Sevier County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

JOSEPH TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town council on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the Town Board at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 18% of the next year's budgeted revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the Town council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

Deposits:

At year-end, the carrying amount of the Town's deposits was \$4,512 and the bank balance was \$18,938. All of this balance was covered by federal depository insurance. Utah State statutes do not require deposits to be collateralized, however, financial institutions must be approved by the State Money Management Council. Petty Cash was \$30.00.

JOSEPH TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2005, consist of the following:

	<u>Fair Value</u>
Cash on Hand	30
Demand Deposits	4,512
Investments - PTIF	<u>106,256</u>
Total Cash and Investments	<u>110,798</u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	32,485
Business-Type Activities - Unrestricted	75,103
Business-Type Activities - Restricted	<u>3,210</u>
Total Cash and Cash Equivalents	<u>110,798</u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

JOSEPH TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risk:

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The Town's compliance with the provisions of UMMA addressed each of these risks.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investment of the Town are available immediately.

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the Town's demand deposits were covered by FDIC insurance.

Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - BOND RESERVES

The Town of Joseph is required to deposit into one reserve funds in connection with their bond issues.

	<u>Balance</u>
1. CIB Water Bond Reserve Fund - \$480.00 per year until it reaches a maximum of \$14,000.00.	1,560
2. Debt Service Reserve Fund - \$206.25 per month until it reaches \$14,850.00.	<u>1,650</u>
Total	<u><u>3,210</u></u>

JOSEPH TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	8,600	-	-	8,600
Land Related to Infrastructure	<u>7,392</u>	<u>-</u>	<u>-</u>	<u>7,392</u>
 Total Capital Assets Not Being Depreciated	 <u>15,992</u>	 <u>-</u>	 <u>-</u>	 <u>15,992</u>
 Capital Assets Being Depreciated:				
Buildings	139,500	-	-	139,500
Equipment	5,000	24,088	-	29,088
Infrastructure	<u>279,750</u>	<u>38,874</u>	<u>-</u>	<u>318,624</u>
 Total Capital Assets Being Depreciated	 <u>424,250</u>	 <u>62,962</u>	 <u>-</u>	 <u>487,212</u>
 Less Accumulated Depreciation For:				
Buildings	36,150	3,642	-	39,792
Equipment	3,000	2,684	-	5,684
Infrastructure	<u>153,863</u>	<u>13,988</u>	<u>-</u>	<u>167,851</u>
 Total Accumulated Depreciation	 <u>193,013</u>	 <u>20,314</u>	 <u>-</u>	 <u>213,327</u>
 Total Capital Assets Being Depreciated (Net)	 <u>231,237</u>	 <u>42,648</u>	 <u>-</u>	 <u>273,885</u>
 Governmental Activities Capital Assets, Net	 <u>247,229</u>	 <u>42,648</u>	 <u>-</u>	 <u>289,877</u>

JOSEPH TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Buildings	83,219	-	-	83,219
Utility Systems	1,494,364	12,245	-	1,506,609
Equipment	36,006	-	3,700	32,306
 Total Capital Assets Being Depreciated	<u>1,613,589</u>	<u>12,245</u>	<u>-</u>	<u>1,622,134</u>
 Less Accumulated Depreciation For:				
Buildings	20,429	2,080	-	22,509
Utility Systems	255,665	37,666	-	293,331
Equipment	20,166	3,960	3,700	20,426
 Total Accumulated Depreciation	<u>296,260</u>	<u>43,706</u>	<u>3,700</u>	<u>336,266</u>
 Total Capital Assets Being Depreciated (Net)	<u>1,317,329</u>	<u>(31,461)</u>	<u>-</u>	<u>1,285,868</u>
 Business Type Activities Capital Assets, Net	<u>1,317,329</u>	<u>(31,461)</u>	<u>-</u>	<u>1,285,868</u>
 Total Capital Assets	<u>1,564,558</u>	<u>11,187</u>	<u>-</u>	<u>1,575,745</u>

Depreciation expense was charged to functions of the Primary Government as follows

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	3,117	-	3,117
Highways and Streets	16,122	-	16,122
Public Health	-	43,706	43,706
Parks and Recreation	1,075	-	1,075
 Total Depreciation Expense	<u>20,314</u>	<u>43,706</u>	<u>64,020</u>

JOSEPH TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 5 - WATER SYSTEM IMPROVEMENTS

The Permanent Community Impact board awarded the Town of Joseph a grant of \$565,000, a supplemental grant of \$220,000, and a \$300,000 loan for water system improvements. The project consists of the construction and installation of certain improvements to the Town's culinary water system including:

- 1) A new 400,000 gallon water storage tank
- 2) Redevelopment of two spring areas
- 3) Replacement of undersized pipe
- 4) 12 new or replacement fire hydrants
- 5) Related valves and service connections
- 6) Road repairs and fencing

The project was started in 2003 and was completed in 2004.

NOTE 6 - LONG-TERM DEBT

1992 Parity Water Revenue Bonds:

On May 15, 1992, the Town of Joseph issued \$100,000 of Parity Water Revenue Bonds which were purchased by the Community Impact Board. These bonds carry an interest rate of 3% computed on the unpaid balance. Principal and interest will be paid on July 1 of each year beginning July 1, 1993 and continuing until July 1, 2012 or for twenty years. The proceeds were used to construct, improve and extend the culinary water system of the Town.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 1st			
2005	5,000	900	5,900
2006	5,000	750	5,750
2007	5,000	600	5,600
2008	5,000	450	5,450
2009	5,000	300	5,300
2010	5,000	150	5,150
Total	<u>30,000</u>	<u>3,150</u>	<u>33,150</u>

JOSEPH TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 6 - LONG-TERM DEBT (CONTINUED)

2003 Parity Water Revenue Bond:

On March 6, 2003, the Town of Joseph issued \$300,000 of Parity Water Revenue Bonds which were purchased by the Community Impact Board, for the purpose of providing funds to finance part of the cost of constructing, improving and extending the culinary water system of the Town of Joseph. The bonds carry an interest rate of 2.5% and require yearly payments on November 1st of each year for 30 years.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1st			
2005	7,000	7,325	14,325
2006	7,000	7,150	14,150
2007	7,000	6,975	13,975
2008	7,000	6,800	13,800
2009	8,000	6,625	14,625
2010-2014	42,000	30,100	72,100
2015-2019	48,000	24,550	72,550
2020-2024	53,000	18,300	71,300
2025-2029	60,000	11,250	71,250
2030-2034	54,000	3,425	57,425
Total	<u>293,000</u>	<u>122,500</u>	<u>415,500</u>

The following is a summary of total long-term debt to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	12,000	8,225	20,225
2006	12,000	7,900	19,900
2007	12,000	7,575	19,575
2008	12,000	7,250	19,250
2009	13,000	6,925	19,925
2010-2014	47,000	30,250	77,250
2015-2019	48,000	24,550	72,550
2020-2024	53,000	18,300	71,300
2025-2029	60,000	11,250	71,250
2030-2034	54,000	3,425	57,425
Total	<u>323,000</u>	<u>125,650</u>	<u>448,650</u>

JOSEPH TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Changes in long-term debt at June 30, 2005, are as follows:

Bond Issue:	Date of Issue	Interest Rate	Total Issued	Outstanding June 30, 2004	Current Year Changes		Outstanding June 30, 2005
					Issued	Matured	
Parity Water Revenue Bond Community Impact Board	1992	3.0%	100,000	35,000	-	5,000	30,000
Parity Water Revenue Bond Community Impact Board	2003	2.5%	300,000	300,000	-	7,000	293,000
Total			400,000	335,000	-	12,000	323,000

JOSEPH TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 7 - RESERVED FUND BALANCE - CLASS C ROADS

The Town receives Class C Road money from the State of Utah for road construction and maintenance. The unexpended portion of this money is shown as reserved cash. The following is a schedule of changes in reserved fund balance - Class C Roads:

Fund Balance - Beginning of Year	75,000
Receipts:	
State of Utah	16,924
Interest	<u>1,582</u>
Total Receipts	18,506
Disbursements	<u>(68,506)</u>
Fund Balance - End of Year	<u><u>25,000</u></u>

NOTE 8 - PERPETUAL CARE FUND

The following is a schedule of receipts and disbursements in the Cemetery Perpetual Care Fund:

Fund Balance - Beginning of Year	2,156
Receipts	-
Disbursements	<u>-</u>
Fund Balance - End of Year	<u><u>2,156</u></u>

NOTE 9 - IMPACT FEES

On November 7, 2002, the Town of Joseph approved a Culinary Water Impact Fee Ordinance to encourage and expedite the orderly growth and development of the Town. The fees assessed for water impacts will only cover the cost of the required actions to provide proper water fire suppression capacity and fire flows and adequate storage and distribution of culinary water to handle new growth and an adequate water source.

The minimum assessed impact fee of one (1) Equivalent Residential Connection (ERC) will be \$2,500 as outlined in the ordinance.

During the 2004-2005 fiscal year \$2,500 was collected and expended on allowable costs.

JOSEPH TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 10 - UTAH STATE RETIREMENT PLANS

The Town of Joseph does not participate in the Utah State Retirement Plan.

NOTE 11 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The Town is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**JOSEPH TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (Inflows):				
Taxes:				
General Property Taxes	4,275	4,275	4,564	289
Prior Years Taxes	1,225	1,225	946	(279)
General Sales and Use Taxes	29,000	29,000	20,873	(8,127)
Fee-In-Lieu	<u>1,500</u>	<u>1,500</u>	<u>1,658</u>	<u>158</u>
Total Taxes	<u>36,000</u>	<u>36,000</u>	<u>28,041</u>	<u>(7,959)</u>
Licenses and Permits	<u>2,000</u>	<u>2,000</u>	<u>3,540</u>	<u>1,540</u>
Intergovernmental Revenue:				
Class C Road	26,000	26,000	16,924	(9,076)
State Grants	220,000	220,000	37,792	(182,208)
State Liquor Allotment	<u>200</u>	<u>200</u>	<u>330</u>	<u>130</u>
Total Intergovernmental Revenue	<u>246,200</u>	<u>246,200</u>	<u>55,046</u>	<u>(191,154)</u>
Charges for Services:				
Cemetery	<u>4,000</u>	<u>2,000</u>	<u>965</u>	<u>(1,035)</u>
Other Revenue:				
Interest	2,000	2,000	2,493	493
Rents and Concessions	-	-	433	433
Miscellaneous	600	1,600	27,264	25,664
Transfer from Water Fund	-	-	14,000	14,000
Use of Fund Balance	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Miscellaneous Revenue	<u>97,600</u>	<u>3,600</u>	<u>44,190</u>	<u>40,590</u>
Amounts Available for Appropriation	<u>385,800</u>	<u>289,800</u>	<u>131,782</u>	<u>(158,018)</u>

Continued

**JOSEPH TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Charges to Appropriations (Outflows):				
General Government:				
Administration	26,500	26,500	15,193	11,307
Capital Outlay	41,800	41,800	24,088	17,712
Non-Departmental	9,500	9,500	4,136	5,364
Total General Government	<u>77,800</u>	<u>77,800</u>	<u>43,417</u>	<u>34,383</u>
Highway and Public Improvements:				
Repairs and Maintenance	57,000	66,000	65,356	644
Capital Outlay	<u>220,000</u>	<u>115,000</u>	<u>38,874</u>	<u>76,126</u>
Total Highways and Public Improvements	<u>277,000</u>	<u>181,000</u>	<u>104,230</u>	<u>76,770</u>
Parks and Cemetery:				
Parks	11,000	11,000	2,042	8,958
Cemetery	<u>3,000</u>	<u>3,000</u>	<u>2,718</u>	<u>282</u>
Total Culture and Recreation	<u>14,000</u>	<u>14,000</u>	<u>4,760</u>	<u>9,240</u>
Community and Economic Development	<u>17,000</u>	<u>17,000</u>	<u>10,370</u>	<u>6,630</u>
Total Charges to Appropriations	<u>385,800</u>	<u>289,800</u>	<u>162,777</u>	<u>127,023</u>
Total Resources Over (Under) Appropriations	<u>-</u>	<u>-</u>	(30,995)	<u>(30,995)</u>
Fund Balance - Beginning of Year			<u>61,578</u>	
Fund Balance - End of Year			<u>30,583</u>	